

VZCZCXRO1366
PP RUEHCN RUEHGH RUEHVC
DE RUEHIN #0659/01 1560934
ZNY CCCCC ZZH
P 050934Z JUN 09
FM AIT TAIPEI
TO RUEHC/SECSTATE WASHDC PRIORITY 1683
INFO RUEHOO/CHINA POSTS COLLECTIVE
RUEHWL/AMEMBASSY WELLINGTON 2478
RUEHCHI/AMCONSUL CHIANG MAI 0733
RUEHHM/AMCONSUL HO CHI MINH CITY 0596
RHEHAAA/NATIONAL SECURITY COUNCIL WASHINGTON DC
RHEFDIA/DIA WASHINGTON DC
RUEATRS/DEPT OF TREASURY WASHINGTON DC
RHHJJAA/JICPAC HONOLULU HI
RHHMUNA/USPACOM HONOLULU HI
RUCPDOG/DEPT OF COMMERCE WASHINGTON DC
RUEKJCS/SECDEF WASHINGTON DC
RUEAIIA/CIA WASHINGTON DC

C O N F I D E N T I A L SECTION 01 OF 02 TAIPEI 000659

SIPDIS

STATE FOR EAP/TC
STATE PASS USTR FOR STRATFORD AND ALTBACH, TREASURY FOR
OASIA/WINSHIP AND PISA, NSC FOR LOI, COMMERCE FOR
4431/ITA/MAC/AP/OPB/TAIWAN

E.O. 12958: DECL: 06/04/2019
TAGS: [ECON](#) [ETRD](#) [PGOV](#) [PREL](#) [PINR](#) [TW](#) [HK](#) [CH](#)
SUBJECT: C-AL9-00948: TAIWAN ESTABLISHES JOINT COOPERATION
MECHANISM WITH HONG KONG

REF: A. TAIPEI 637
[1](#)B. 08 TAIPEI 1566

TAIPEI 00000659 001.2 OF 002

Classified By: Economic Chief Hanscom Smith for reasons 1.4 (b) and (d)
.

[1](#)1. (C) SUMMARY. As part of ongoing efforts to improve economic and trade relations, Taiwan announced the formation of a new Taiwan-Hong Kong cooperation mechanism after a June 5 meeting between Hong Kong Secretary for Constitutional and Mainland Affairs Stephen Lam and Mainland Affairs Council Vice Chairman Fu Don-cheng in Taipei. In the near future, Taiwan plans to establish a Taiwan-Hong Kong Economic and Cultural Cooperation Council, which will include a joint Economic Cooperation Committee. MAC officials say that Hong Kong, in turn, will set up a counterpart Hong Kong-Taiwan Commerce and Trade Cooperation Committee under the Hong Kong Trade Development Council. Following on the recent Hong Kong visit of Taichung Mayor Jason Hu (ref a), Financial Supervisory Commission (FSC) Chairman Sean Chen made an official visit to Hong Kong this week. Chen is the most senior Taiwan official to visit Hong Kong since 1997. The recent flurry of activity is a clear sign of improving cross-Straits relations. END SUMMARY.

[1](#)2. (C) In a June 4 meeting with Economic Chief, Mainland Affairs Council (MAC) Vice Chairman Fu Don-cheng explained that Ma administration efforts to improve relations with Hong Kong (ref a) date from Straits Exchange Foundation (SEF) Chairman P.K. Chiang's July 2008 visit to Hong Kong. During Chiang's visit, said Fu, Hong Kong Chief Executive Donald Tsang suggested that Taiwan and Hong Kong establish a committee to improve economic and trade relations. According to Fu, progress was initially slow due to Hong Kong's concerns about lack of PRC support for such an initiative. In October 2008, however, the Hong Kong Trade Development Council (HKTDC) established a formal branch office in Taipei (ref b).

[1](#)3. (C) Fu explained that Hong Kong sent Secretary for Constitutional and Mainland Affairs Stephen Lam to Taipei for

an "informal" exchange with Taiwan counterparts at the MAC. Lam's visit included the June 5 announcement that Taiwan will establish the cooperative bodies described in par. 1. A June 5 MAC press release says "...high-level government officials from both sides will actively participate in activities of the two sides' cooperation committees." The press release also states that "Taiwan and Hong Kong also expect to carry out exchanges of visits by high-level government officials, and the two sides will arrange such visits at appropriate times in due course." Fu said Taiwan will announce a private sector figure to head Taiwan's committee, and noted that both the committee and its Hong Kong counterpart counterpart will serve as new platforms for Hong Kong-Taiwan exchanges.

14. (C) According to Fu, Hong Kong and Taiwan plan to exchange visits at the level of minister. This week, Taiwan Financial Supervisory Commission (FSC) Chairman Sean Chen, a minister-level official, visited Hong Kong, where he met with acting Financial Secretary K.C. Chan, and addressed a large group of Hong Kong financial services industry executives. The visit was widely covered in the press. During the visit Chen and his counterpart signed an agreement to facilitate the cross-listing of exchange-traded funds (ETFs) in both markets. Although FSC staff told us that no substantive issues were discussed beyond the signing of the ETF agreement, the visit was symbolic of improving cross-Strait relations, as Chen is the highest-ranking Taiwan official to visit Hong Kong since the handover. He was addressed by his official title, met with the acting Financial Secretary, and was accorded special privileges at the Hong Kong airport. MAC Vice Chairman Fu noted that Hong Kong Financial Secretary John Tsang is tentatively slated to visit Taiwan in two or three months.

TAIPEI 00000659 002.2 OF 002

15. (C) COMMENT. Today's announcement is part of a sustained trend toward enhanced Taiwan-Hong Kong ties. END COMMENT.

YOUNG